

COMMISSION DIRECTIVE

ADMINISTRATIVE MATTERS	<input type="checkbox"/>	DATE	<u>September 27, 2006</u>
MOTOR CARRIER MATTERS	<input type="checkbox"/>	DOCKET NO.	<u>2006-107-WS</u>
UTILITIES MATTERS	<input checked="" type="checkbox"/>		<u></u>

SUBJECT:

DOCKET NO. 2006-107-WS - Application of United Utility Companies, Incorporated for Adjustment of Rates and Charges and Modification to Certain Terms and Conditions for the Provision of Water and Sewer Service – Discuss this matter with the Commission.

COMMISSION ACTION:

In our meeting and resulting directive of September 8, 2006, the Commission rejected the parties' proposed settlement agreement. The Commission also recognized that, given the rejection of the settlement agreement, United had the option of advancing the request for rates and charges contained in its original application, or it could continue to advocate the rates and charges contained in the settlement agreement.

On September 20, 2006, United advised the Commission of its understanding that, based on the Hearing Officer's interpretation of similar language in the Directive issued in Docket No. 2006-92-WS, the language of the latter option was not intended to require United to withdraw its application in order to have this matter determined based upon the Settlement Agreement. I move that this Commission confirm the applicant's present understanding that the Commission's September 8th ruling was not intended to require United to withdraw its application if it chose to present the terms of its settlement in lieu of those contained in its application at the final hearing.

I now would like to address the merits of the company's request for a rate increase. On September 8, 2006, we denied approval of the parties' proposed settlement in this case. Our denial was based on the parties' failure to present sufficient information to address the Commission's concerns regarding certain aspects of its rates and service. In that directive, the Commission scheduled a final hearing in the case for September 25, 2006. However, on September 20th, United and the Office of Regulatory Staff informed the Commission that they do not have any additional evidence or testimony to present in this matter. In light of this correspondence, the September 25th hearing was cancelled.

I move that the Commission reject the Company's application for a rate increase for the reason that the Commission remains without sufficient evidence to allow it to determine whether the rates proposed by the Company are just and reasonable. The issues which the Commission sought to address in its previous request to the parties included but was not limited to the company's proposed flat rate billing tariff for sewerage services; billing for water and/or sewerage service arrearages incurred by previous residents; measures that have been taken to ensure that United agents and employees engage in fair and lawful collection practices, particularly in regard to the allegations of the public placement of notices of delinquent accounts; the Company's response to public witnesses' reports of sewerage back ups and the maintenance of its lines; and the company's compliance with applicable PSC regulations in regard to notice of violations of DHEC standards. These issues remain unresolved. The quality of the company's service, which is implicated in many of the Commission's areas of concern, is a recognized factor in the Commission's consideration of whether a proposed rate increase is justified. The fairness of the Company's flat rate charges for sewer service is also a reasonable consideration for the Commission.

The proposed settlement does not absolve the Commission of its statutory duty to independently review the rates and charges requested and determine if they are just and reasonable. Because we do not have sufficient information to effectively exercise our statutory duty in this case, the Commission is left with no choice but to deny the Company's application and I so move.

PRESIDING Hamilton

Session: Regular

MOTION YES NO OTHER

Time of Session 2:30 p.m.

CLYBURN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FLEMING	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HAMILTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOWARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MITCHELL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
MOSELEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WRIGHT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

APPROVED _____
 APPROVED STC 30 DAYS _____
 ACCEPTED FOR FILING _____
 DENIED _____
 AMENDED _____
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 SUSPENDED _____
 CANCELED _____
 SET FOR HEARING _____
 ADVISED _____
 CARRIED OVER _____
 RECORDED BY T. DeSanty